



DEPARTMENT OF  
**COMMERCE**  
COMMUNITY AND  
ECONOMIC DEVELOPMENT  
Office of the Commissioner

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NEWS RELEASE

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**Alaskans warned of scam Medicare Prescription Drug Coverage sales**

(Anchorage, January 9, 2006) Division of Insurance Director Linda Hall today issued a warning to consumers to beware of scam artists selling Medicare prescription drug plans (PDPs). "While there are many legitimate companies marketing this important insurance product, there are a few unscrupulous people marketing scam products," said Hall. "Alaskans purchasing these plans should check with the Division of Insurance to make sure they are dealing with a licensed agent."

Examples of unscrupulous practices include using high-pressure tactics to persuade consumers to purchase a plan they do not need or cannot afford and mixing products other than Medicare prescription drug plans in the insurance package. There are also criminals who sell "plans" that do not exist, taking consumers money and leaving them uninsured or under insured with plans that do not meet federal and state requirements.

Under the federal government's new Medicare Prescription Drug coverage benefit for Medicare beneficiaries, private insurance companies are selling these new Medicare PDPs. Medicare must approve the plans before they can be marketed legally.

Enrollment for the program, which began on January 1, is underway. Insurance agents are selling this product to Medicare beneficiaries.

"There are millions of people on Medicare eligible for the program and there will be a lot of sales activity between now and May 15, which is the end of the open enrollment period," said Hall. "We are concerned that scam artists will try to steal from consumers' by providing non-existent, inappropriate, or inadequate coverage."

Hall stated that while there have not yet been reports of scam artists marketing in Alaska, there are many who are operating in the Lower 48, and it is only a

matter of time until they begin to operate here. The warning is a proactive step to warn consumers of the risk before someone becomes a victim.

Hall provided some tips to avoid becoming the victim of a scam artist:

1. Beware of door-to-door salesmen. Agents cannot solicit business at your home without an appointment. Do not let them into your home. Report activity to the Division of Insurance by calling (907) 269-7900.
2. Check with the Alaska Division of Insurance to make sure the salesman is licensed as an agent (<http://www.commerce.state.ak.us/insurance/>)
3. To avoid identity theft, do not give out personal information, such as your Social Security Number, bank account numbers, or credit card numbers to anyone you have not verified is a licensed agent. People are not allowed to request such personal information in their marketing activities and cannot ask for payment over the Internet. They must send you a bill. Once you decide to purchase a plan and have verified that the agent is licensed, you may give the agent personal information to assist in enrollment and billing.
4. . Verify that the plan is an approved Medicare plan. All of the approved plans are available at (<http://www.medicare.gov>) or you can call 1-800-MEDICARE.
5. If you suspect fraud, call the U.S. Department of Health and Human Services Inspector General at 1-800-HHS-TIPS.
6. Contact the Alaska Health Insurance Assistance Program at <http://www.state.ak.us> if you have questions.

“To avoid being a victim of a scam, consumers should verify that the plan they are purchasing is a legitimate one that meets their needs,” Hall stressed. “Alaskans shouldn’t wait until they discover that they are not insured, or under insured, and have to spend a lot of time and money to fix their problem.”

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